

PNW Westbound Wheat Export and Domestic Wheat Rate – Difference - July 1, 2006

The BNSF announced on April 18, 2006, effective July 1, 2006, it would once again separate the westbound (to PNW) wheat movements into a Domestic and Export rate structures. The Burlington Northern in the 1980's, for many years, had separate Export and Domestic tariff rate structures on westbound wheat movements with the Export movements published at lower levels than the Domestic. The theory espoused by BN, at that time, was that Domestic movements required greater handling than Export shipments.

The Montana current rate westbound wheat structures show a two rate structures – Export and Domestic. There are two important adjustments to Export rate structures when compared with the Domestic rate structures.

1. The BNSF has adjusted the single/26 car spread on Export rates by reducing all single car rates by \$50/car or 1 cent a bushel to \$173/car or 5 cents a bushel per car throughout Montana effectively eliminating the spread between singles and 26 car on Export rates.
2. The BNSF has reduced the Export rates from Glasgow and eastward by \$35/car or 1 cent a bushel to \$123/car or 4 cents a bushel for 26, 52 and 110 cars.

With newly defined differentials between export and domestic rail rate structures on westbound wheat movements, the Montana farm producers when selling their grain may see the application of the higher domestic freight rate charges in the basis rather than the lower Export rate basis especially in Eastern Montana.

The BNSF states this adjustment is “due to market conditions”.